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Opolo Vineyards SIP Certification  
Analysis

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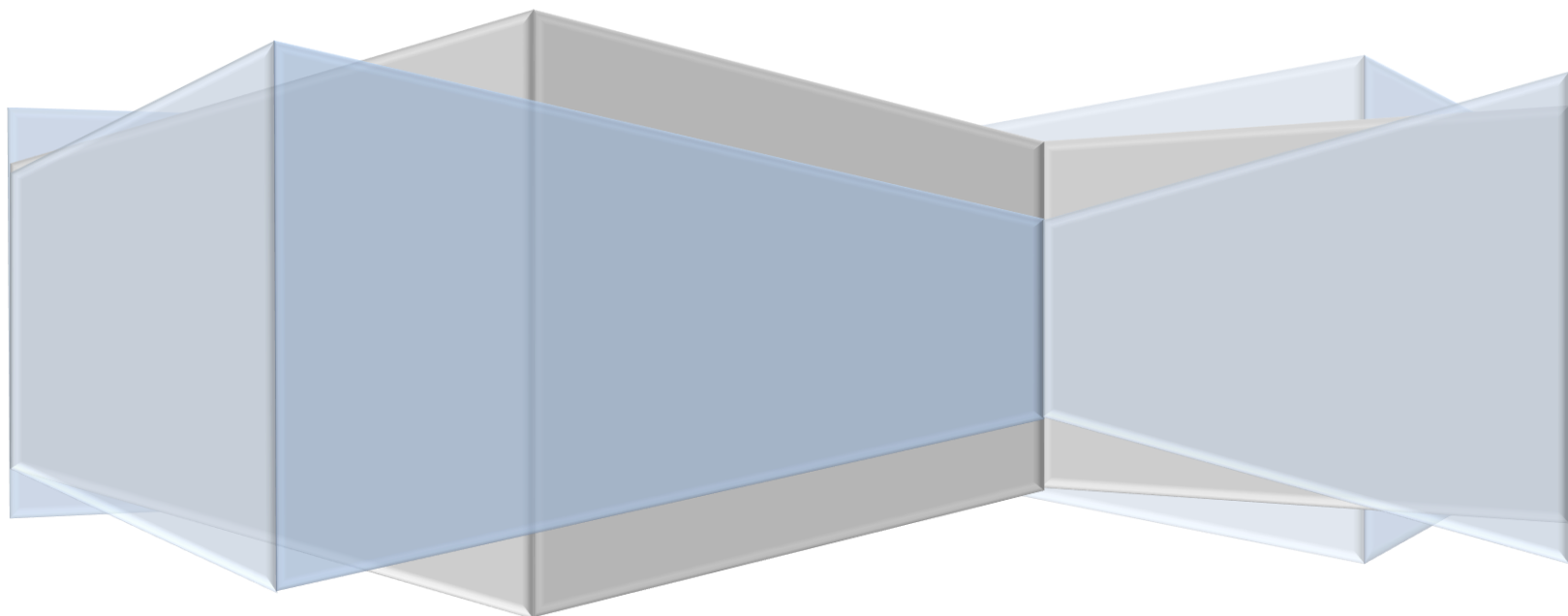
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**California Polytechnic State University Agribusiness  
Department Senior Project**

# **Opolo Vineyards SIP Certification Analysis**

**Sustainability In Modern Agriculture**

**Brett Champlin, Ashley Edwards, Megan Jonson, and  
Sebastian Silveira**



## **Introduction**

Opolo Winery & Vineyards, located on picturesque Vineyard Drive in Paso Robles, is tucked away amongst the rolling California hills north of Highway 46 and west of Highway 101. In this scenic location, the growers of the Paso Robles American Viticultural Region produce wines rivaling those of the premier wine producing regions across the globe. With warm days, cool nights and ideal soils, many Paso Robles vintages are earning a great deal of praise and admiration from world renowned wine critics. Since 1995, Opolo owners Rick Quinn and Dave Nichols have made award winning wines that are some of the most sought after on the Central Coast. But behind the beautiful vistas and savory blends, there is a competitive and lucrative business, where the latest trends, like sustainably-produced wine, can help companies differentiate themselves, and increase their market share. Sustainability is defined by Beth Vukmanic-Lopez, certification manager for SIP, as the effort by a company to take good care of “people, planet and profit”.

In the last couple years, Opolo faced a decision: How could a local, family-owned winery and vineyard incorporate and publicize their sustainable practices to become more competitive within the Paso Robles viticultural region? They chose Sustainability in Practice, also known as SIP, to help them achieve this goal. What, then, led Opolo to choose SIP, and why would the management team want to subject their business to such scrutiny? The SIP certification program is by no means an easy endeavor; it is a long, arduous process that involves a great deal of paperwork, seemingly endless amounts of inspections, and mandates one’s business practices to be assessed and critiqued. Finally, what would Opolo do with its certification once it passed these tests?

The answers to those questions were found in interviews with Scott Welcher, general manager at Opolo, and Paul Quinn, assistant vineyard manager at Opolo, along with an assortment of outside information and resources. Although there are some members of the public who view wineries as environmentally unfriendly, SIP certification provided a great way for Opolo to prove they were responsible stewards of the earth. Clearly, programs like SIP can do a lot to help wineries and other agricultural entities improve their image with the everyday consumer, and at the same time increase profit margins.

## **Industry Overview**

### **California Wine Country**

The California wine industry and the Paso Robles wine industry have a lot in common, however, the state wine industry tends to do things on a much larger scale. If California were its own nation, it would be the world's 4<sup>th</sup> largest producer of wine with a statewide economic impact of \$61.5 billion and a nationwide economic impact of \$121.8 billion (WI Stats).

Economic impact includes among other things, jobs, sales, and services related to the wine produced in California. Additionally, there are 3,800 bonded wineries and 4,600 growers in the state with well over 400,000 acres of wine grapes planted. The California wine industry employs 330,000 people in the state and 820,000 nationwide (WI Stats). The largest companies in the state, and globally, include E & J Gallo Winery, Constellation Brands, The Wine Group, Bronco Wine Company, and Diageo (WI Profile). Paso Robles and California generally have the same stance on the following issues: target market, types of primary and secondary wine jobs, and new or emerging trends in the market place. Conversely, there are several areas where the California wine industry is completely different than the Paso Robles region, facing different challenges and risks.

While the Paso Robles AVA is one area located in one region, California has four different geographical regions comprised of several different AVAs. An AVA is a geographical region, usually defined by a watershed or some other topographical formation, that has several distinguishing characteristics which make the grapes produced in that region taste different than any other AVA. The regions in California include the North Coast region (Napa AVA, Dry Creek AVA, Sonoma Coast AVA), the Central Coast region (Santa Ynez AVA, Paso Robles AVA, Santa Maria AVA), the South Coast region (Temecula AVA, Antelope Valley AVA, San Pasqual AVA) and the Central Valley region (Lodi AVA, Sierra Foothills AVA, Madera AVA)(WI Profile). Additionally, California has a couple of different sustainability groups which monitor wineries and vineyards up and down the state including Fish Friendly Farming, Napa Green Certified, Lodi Rules, Certified California Sustainable Winegrowing, and last but not least Sustainability in Practice (WI Stats).

California faces some serious issues when it comes to the long term outlook of the wine industry. Some short term or intermediate issues confronting the industry include labeling requirement regulations, advertising regulations, and direct shipping restrictions, taxation of wine, invasive pest species, and organic vs. conventional growing methods(WI Profile). Long term or possibly generational issues the industry might face are: immigration reform, finding new target markets, and most importantly advancing sustainable growing practices (WI Profile). Both types of issues are not going to be solved overnight or with simple one-size-fits-all solutions. There will need to be some collective effort and holistic problem solving approaches taken to fix these issues. However, the California wine industry has a golden future ahead of itself and will continue to grow and thrive.

### **Paso Robles Wine Country**

*“There is no question that a decade from now, the top viticulture areas of Santa Barbara, Santa Rita Hills and the limestone hillsides west of Paso Robles will be as well-known as the glamorous vineyards of Napa Valley.” –Robert Parker*

The Paso Robles wine region is a major player in the local economy of the Central Coast of California, providing a great deal of economic impact and jobs for the region. Employing over 7,000 persons with a total payroll of \$182 million and estimated \$1.467 billion impact, the local wine and viticulture sector has become the cornerstone of the local economy (Wine Alliance Impact). Included in the billion dollar sector are over 180 bonded wineries and 120 grape growers who manage 26,000 acres of wine grapes (Wine Alliance History). In addition to the vineyards and wineries, there is a secondary support industry which has evolved, and includes: hospitality, ag-tourism, agriculture lending, products/services involved in marketing, restaurants, hotels, & event-planning (Wine Alliance Impact).

Grapes grown in the region comprise over 40 different varieties; some of the more notable ones include Cabernet Sauvignon, Syrah, Zinfandel, Petite Syrah, Sauvignon Blanc, Viognier and Roussanne (Wine Enthusiast). Many of the varieties of grapes grown in the Paso Robles AVA favor the growing conditions on the Central Coast, which combine cool nights with warm days (Wine Alliance Geography). Additionally, with a longer growing season the Paso Robles AVA permits growers to leave their grapes on the vine longer, adding more color, acidity, flavor, and sugar, which many other AVAs do not have the advantage of (Wine Alliance History). Paso Robles is well known for making complex and invocative blends, using Bordeaux, Rhône and Zinfandel grapes; earning the region praise and admiration. In fact, since a great deal of Syrah, Viognier, and Roussane - all grapes originating from the Rhône Valley in France - have

been planted in Paso Robles, it has earned the nickname “Rhône Zone.” (Wine Alliance Geography)

There are several major issues the Paso Robles AVA faces in the long term. The most important would be the recent groundwater regulations and the challenge of remaining competitive in the world wine market as a whole. These two issues have serious implications and could have long-lasting negative effects that plague the region for a long time. Moreover, the wine industry’s current target market, 25-64 year-olds with an annual household income of over \$100,000, is a small section of the population, and it is imperative the industry try to find new and innovative ways to attract people outside this demographic group (Wine Alliance Impact). All residents and businesses within the geographical confines of the Paso Robles AVA have a major stake in protecting the longevity of the wine industry and the surrounding region. Despite these challenges, the Paso Robles AVA has a bright future ahead of itself with many more spectacular wines and innovations yet to be produced. In fact, the Paso Robles AVA began engaging in sustainable practices far sooner than other California wine regions. An increasing number of vineyards in the Paso region are making the effort to become SIP certified.

### **Paso Robles Groundwater Basin Report**

On August 27<sup>th</sup>, the San Luis Obispo County Board of Supervisors voted 4-0 to impose a 45-day emergency groundwater pumping ordinance for the Paso Robles groundwater basin, preventing any new wells from being sunk in the basin. (Sneed 8/27). This action is a consequence of the Paso Robles groundwater basin being overdrafted, lowering the water table by 70 feet over the past 16 years, largely due to urban and agricultural users (Sneed 9/26). Rural residents point to an increase in vineyard land as the driving force behind groundwater depletion while vineyard owners maintain they have done their best to use their limited supply of water

wisely. All water users in the basin are trying to work together and find common ground on these issues before more serious problems arise.

The emergency ordinance has several provisions which are meant to stabilize the depleted water table. The most contentious action taken includes a prohibition of new water development projects unless water usage is offset through the use of low-flow systems, rainwater collection, or recycling. (Sneed 8/27). Additionally, agriculture ponds are not included in the ordinance seeing as they are already regulated through a county permitting process (Sneed 8/27). Rural residents are unhappy because agricultural users can pump water to fill their ponds, which they can then use for irrigation, providing agricultural users with a way around the new ordinance if they have a pond. Also included in the emergency ordinance is a mandate to meter and monitor all new irrigation wells for water use (Sneed 8/27).

The regulations that were put in place are problematic for the agriculture community especially, since it is an integral part of the local economy. With the new ordinances in place, farmers in the area could expect to see added costs for monitoring efforts or possibly have to change their growing practices due to water shortages(Sneed 9/26). If a farmer cannot afford a new well he or she will have to attempt dry land farming or let the crops go fallow. Clearly, there needs to be serious and purposeful action taken to ensure the long term sustainability of the basin and provide water for all residents of Paso Robles.

One major point of contention in the Paso Robles groundwater fight is future representation of interests in a district basin (Sneed 9/26). The creation of a water district or basin authority grants statutory regulations, from the California Legislature, to a local body of government or board. This board has a constitution and set of rules which regulate the use of water, protect future usage, and attempt to find new sources of water (Sneed 9/26). This concept



seems simple at first glance, however, nothing could be further from the truth. The basin as a whole must find a way to build the district's governmental structure and decide how best to distribute representation, and this has created a great deal of disagreement. On one side, there are the landowners and larger property owners who want voting rights based on the acreage possessed. On the other hand, there are the rural housing residents, smaller property owners, and small businesses within the district that are fighting for the "one owner one vote" method of representation (Sneed 9/26). Clearly, there will have to be a significant compromise arranged in order to meet everyone's best interests. Additionally, serious action needs to be taken soon before even more serious problems arise.

The ordinance clearly has a detrimental affect the agriculture lending industry by threatening farmers' ability to secure loans in the future and pay back the loans already negotiated. One way the ordinance could affect the lending industry is by pushing down yields, because of a less abundant source of water, thereby preventing the farmer from making payments and affecting their capacity to pay back the loan. Additionally, financial intuitions will have to scrutinize and pay close attention to a farmer's ability to irrigate with their current sources of water, calling into question the long term viability of a farmer's enterprise, which may rely on capital loans. Lastly, many members of the public are pushing the idea of farmers switching from irrigated lands to dry land farming, which approach puts growers at the mercy of the weather in a semi-arid region, once again affecting the underlying conditions of the vineyard industry (Sneed 8/27).

Over and above all else, there needs to be a collective effort undertaken by rural residents, farmers, urban water users, and local government officials. The worst thing that could happen, for all local users, is the basin becoming adjudicated and regulated by the state

government (Bulletin 118). Basin adjudication involves a large amount of attorneys, and is both expensive and time consuming (Bulletin 118). In recent developments, the Board of Supervisors is looking to extend the emergency ordinance for two years. All parties involved agree a water board should be formed to deal with water usage and rights. However, who will serve on this board, rural residents or vineyard owners, has become a point of conflict.

### **The Opolo Story**

*“Great people, great food, and award winning wines... it's a happy combination!”*

Opolo co-owners Rick Quinn and Dave Nichols have lived side-by-side in Camarillo since 1996. One day Rick told Dave he had planted 10,000 grapevines in Paso Robles. Soon after, Rick and Dave decided to become partners in one of Paso Robles' newest labels, Opolo. (“The Opolo Story”). The two have a limited partnership for tax purposes, making it slightly easier and cheaper to operate. Even as Opolo has grown, they have remained highly involved in all phases of the winery business.

Quinn and Nichols have been neighbors in two counties since 1997 when Nichols bought vineyard property next-door to Quinn's. Together they now own four ranches, comprising about 280 acres of vineyards in Paso Robles, with 200 acres on the Eastside and 80 on the Westside. The land was bought with some fruit and equipment left on it. They began using the resources they had at hand and sold the fruit to get the business growing, and become more familiar with the practices. The Westside vineyards are in the Adelaide hills, producing wines such as Pinot Noir and Sangiovese, while the Eastside properties produce varietals such as Syrah and Cabernet Sauvignon. The majority of Opolo's vineyards have been producing fruit since 1998, and a minute percentage of Opolo-grown fruit has been finding its way into wine made by Quinn and

Nichols ever since, with the rest of the fruit being sold to other wine producers (“The Opolo Story”).

Quinn moved to California in 1979, and began to pursue his passion for wine and winemaking as a hobby. He began to source grapes from Fratelli Perata in Paso Robles. In 1994 Fratelli Perata did not have any grapes to spare so Quinn decided to buy some Westside vineyard property in order to assure he would always have a source of grapes for his home wine-making. Despite the fact that the impetus for buying that first parcel of vineyard was having grapes for his own winemaking, Quinn has always sold the bulk of his crop to other labels. Quinn’s and Nichols’ vineyards have sold fruit to quality labels such as Hess Collection, Neibaum Coppola, St Supery, Harrison Vineyards, Wild Horse, Castoro Cellars, and Fetzer (“The Opolo Story”).

In the future, most of the fruit from Quinn’s and Nichols’ vineyards will continue to be sold to other labels, but the pair’s estate vineyards will be a major source of fruit for the Opolo label. This is a situation that both Nichols and Quinn relish. “It really helps us as vineyard owners to get direct feedback about the wines we’re producing from our vineyards,” explained Nichols. “We want to make great wines, and the more information we can get, the more we can control the viticulture process and find out what we’re doing right.” Quinn agreed, saying “We obviously want to optimize our farming methods to produce excellent fruit, and because we have total control of the vineyards, we can apply the methods we believe will produce the absolute best quality fruit and, therefore, the best possible wine.” Quinn and Nichols have built this business from the ground up, initially performing the viticulture and winemaking duties, not an easy task considering they both still have their “day jobs.” Quinn used to own one of the largest Century 21 brokerages in the country and Nichols runs his own wireless electronics firm (“The Opolo Story”).

### **Operations**

Due to the growth of Opolo and the increase in production and acres, Rick and Dave knew they couldn't operate the business themselves. About 8 years ago, Scott Welcher was brought in to Opolo and now acts as the General Manager of Winery Operations and Viticulture. Welcher has been able to bring a tremendous amount of knowledge and innovative practice to help the company grow. With the great chemistry of the management team, he is able to take ideas to the co-owners and make decisions as a team for the benefit of the business. Even though Opolo has grown to produce over 50,000 cases a year, only ten or so employees are kept on for permanent production, with an increase to thirty or more during harvest season.

### **Products and Consumers**

1999 marked the first commercial crush under the Opolo label, when Quinn and Nichols produced Merlot, Syrah, Cabernet Sauvignon, Sangiovese, Zinfandel, and Muscat Canelli. Red wines currently produced are Opolo's 2010 Merlot, Syrah, Tempranillo, 2011 Grand Rouge, Maestro, Montanga-Mare, 2012 Mountain Zinfandel, and Summit Creek Zinfandel. White wines available include a 2010 Flirtations Moscato, 2011 Roussanne, 2012 Albarino, and 2012 Viognier. Opolo's wine club's only wines are the 2010 Reserve Rhapsody, and 2012 Chardonnay.

Opolo products can be differentiated from other similar brands in the area because of the level of customer service that comes with purchase. At Opolo they offer a personal experience unique to other wineries, because of the quality wine available to buy at a certain price point. Price point matching requires providing a quality product at a fair price that the consumer is willing to pay, something Opolo's research has successfully paid off in. Opolo's typical target consumer is someone between the ages of 40 and 50. As the company is seeing more and more

recognition they have come to realize the need to market to a younger consumer. Shifting this demographic, especially due to the large local college group, could increase their sales because of their use of social media and ability to quickly spread recommendations. Online and word of mouth reviews can act as free advertising for a company.

### **Amenities**

Opolo offers many amenities other than simply tastings in the tasting room. Opolo has Patio Wine on weekends, where guests are able to sit and relax on Opolo's outside patio while tasting their wines and enjoying Paso scenery. Opolo hosts a variety of events throughout the year including parties, weddings, corporate retreats, and much more. Opolo also currently runs a Bed and Breakfast with all the amenities. These amenities provide significant value to the company because it helps draw in more customers.

### **Acquisitions**

During harvest time in the Paso Robles region, all the wineries put on events to attend. Opolo is most famously known for their harvest party, where members and non-members are invited to come and attend a party with live music, food, grape crushing, and much more. As the interest in this party grew, the property was catering to larger and larger amounts of people. Opolo found they had the need for another entrance on the property, as there currently was only one. Opolo bought the adjoining property that provided a second entrance for the public, additionally, this newly acquired property contained 63 acres of walnut producing trees. The decision was made to keep the walnut trees producing, as they required little maintenance. Harvesting the trees is done by a machine that shakes the nuts out and collects them. No extra staff is needed to keep this operation running. Some time is required to till the ground during

non-harvest times. The walnuts, which are organically produced, are sold in the Central Valley as an additional source of income.

## **SIP – Sustainability In Practice**

### **Intro and History**

The Central Coast is known for many things, its beautiful land and people included. Specifically, the Paso Robles region has become increasingly popular for its wine grape growing capabilities and its fertile land for vineyards. The area draws in more and more consumers each year, increasing the demand for wine. Wine lovers have become more aware about the different farming processes that can protect the environment. With new techniques evolving around the emerging green trend, wineries must keep up with this market. After years of work by farmers in the area, a quality commitment was made to protect both human and natural resources. Sustainability in Practice (SIP) Certification is a seal that ensures a winery has passed dozens of quality standards in production and business operations. Consumers can be assured that a third party has evaluated the winery's operations and that they are conducting business in a responsible, eco-friendly manner.

Before the Sustainability In Practice (SIP) certification was derived, a local group of growers known as the Vineyard Team started the Positive Points System in 1996. This system self-assessed vineyard management and encouraged practices that protect natural resources. In 2002, growers discussed the prospect of having a third party evaluate their practices in order to obtain a certification for consumer awareness. After many years of development, SIP was conceived in 2008, starting with 3,700 acres in three counties(SIP Certified). This certification addresses many different aspects of the farm, and the production process, including habitat

conservation, energy efficiency, pest management, water conservation, economic stability, human resources, soil fertility, cover crops, wildlife, native plants, and irrigation, among others. These standards are different from organic standards, in fact, SIP Certification has double the requirements of the USDA Organic seal and Biodynamics label (See Exhibit 7). (SIP Certified)

### **Standards**

For a winery to qualify for SIP Certification, there are many rigorous tests and standards to meet. There are two parts to certification, requirements and enhancements. A winery has to meet all of the requirements, which are simpler, more fundamental tasks like having a waste water disposal system. Enhancements are more complex, and are assigned a point value based on how complex they are to implement, and how much they benefit the environment. Wineries must have a minimum of 75 points' worth of enhancements to qualify for certification, but they can pick and choose from a long list which enhancements they want to add together to get to 75 points. The requirements are put in place to assure that the farmers are implementing their practices to protect human and natural resources (SIP Certified). Different from the original Positive Points System, SIP requires an accredited third party to put the vineyards' practices through a comprehensive audit that is then evaluated by an Advisory Committee. The standards, put in place after extensive research and review, are continually being updated by the Technical Committee as new technology and practices evolve that better serve the environment. The committee members that conduct implementation of the new standards are: Willy Cunha of Sunview Shandon Vineyards, Amy Freeman of Brave New Wine, Gregg Hibbits of Mesa Vineyard Management, Brenda Ouwerkerk the Ag Commissioner of San Luis Obispo County, Anji Perry of J. Lohr Vineyards & Wines, and Daryl Salm of Paraiso Vineyards. These members

evaluate and improve communication between the departments of the standards, and represent diverse players in the wine producing industry. (SIP Certified)

The ten standards currently are as follows: 1.) conservation and enhancement of biological diversity, 2.) vineyard acquisition/establishment and management, 3.) soil conservation and water quality, 4.) water conservation, 5.) energy conservation and efficiency, 6.) air quality, 7.) social equity, 8.) pest management, 9.) continuing education, and 10.) product assurance and business sustainability. In addition to the ten standards, another requirement is that the operations stay away from any chemicals of the Prohibited Materials List (PML) (SIP Certified).(SIP Certified)

A farm plan is required in writing to document each of the ways the vineyard is practicing the individual standards. After the required practices are put into place, growers must evaluate management strategies to improve them sustainably while achieving the required 75% score or better. Results are independently certified with the names of wineries removed upon grading, for an unbiased approach. This assures the certification is free from conflicts of interest, and consumers know they are getting a high quality wine.

### **Certification**

Certification can be granted to growers and wines in California by the Certification Advisory Committee, in order to authenticate sustainable practices of the farm as a whole. The Certification Advisory Committee is made up of a group of professionals in this industry and experts on the standards. The committee members are: Monica Barricarte on the Regional Water Quality Control Board, Brenda Ouwerkerk of the San Luis Obispo Department of Agriculture, Steve Peck of J. Lohr Vineyards & Winery, Terry Smith of Cal Poly, and Jill Whitacre (SIP Certified). Depending on the size and operations of a business, certification can be given to an



individual wine or to the vineyard as a whole. 85% of the fruit within the wine must be SIP certified in order for the wine to be certified and be permitted to show an SIP certification stamp on the wine label. Several Paso wineries that have SIP-approved vineyards are looking into certifying their wines as well (Vukmanic-Lopez). The certification process for a vineyard is divided into three stages: application, audit, and certification; whereas the wine certification process is simplified into audit and certification.

New applicants can find an information package on the SIP website with all the required documentation to begin the process, including guidelines, standards, and updates. Fees for certification vary, but there is a one-time payment of \$500 for members and \$1,000 for non-members, auditor fee of \$50-\$100 per hour, cost per acre or per case depending on the total number of acres and cases (SIP Certified). All of the documents and fee must be submitted prior to December 1, as the certification cycle runs December 1 through November 30 the following year. If a winery wishes to renew the certification, this request can be done conveniently online and is granted after further inspection to ensure the growers are maintaining standards. Renewal growers can receive impromptu inspections anytime during the season. After the application is complete, the growers will receive information about the audit that needs to take place. This can be a documentation audit, interview, or an onsite inspection. Audits occur June 1 – July 15. After the audit is conducted, the third step is for the advisory committee to anonymously review this information and determine eligibility for certification. This vote takes place in August and results are available between August and September. More information for vineyards and the certification process and fees can be found on the SIP website directly (SIP Certified). As SIP continues to grow, the company plans to expand into Texas, Virginia and Washington, all areas

that have expressed interest in bringing the group's rigorous standards of approval to their place of business (Vukmanic-Lopez).

### **Opolo SIP Certification**

Years ago when the wine industry started growing in areas like Napa County and the Paso Robles region, many sustainability certification programs were coming out, promising to offer a wine label the best recognition and significance (See Exhibit 1). Scott Welcher, General Manager of Winery Operations and Viticulture at Opolo, made the decision to wait and see which program gained the most recognition and could add the most value to their company. As time went by, it appeared that the Sustainability In Practice Certification was the right choice, because the stringent standards and exacting nature of the process lent extra weight to the label "SIP Certified Sustainable". Additionally, while the program had gained much respect throughout California, a grape buyer from Opolo had requested that their grapes be certified, providing extra impetus. With the current operations resembling many of the requirements the certification needed, the next step was to go through the actual legalities.

With many different options to the certification process, Opolo decided to have their vineyards certified, not the wines themselves. All of the estate property was certified, totaling about 320 acres. There an important advantage in having the grapes certified, as opposed to uncertified grapes, because not only can Opolo advertise that to their wine consumers, but they can also expand their fruit buying customer base among other wineries. Having certified grapes gives them a greater weight over other vineyards because of the lengthy process and uniqueness to the certification. Opolo's certification process concluded recently, and the company has not yet seen the financial return from the investment, however, the management remains confident they have added significant value to their company moving forward into the next decade.

To begin the certification process, a lot of time and dedication had to be put into this process by Scott Welcher, Operation Manager for Opolo. It turned out that his company had already been operating under the first part of the SIP Certification requirements; he just needed the documentation to record the achievement of the standards. For example, Welcher was already recycling water by using a state-of-the-art artificial wetlands. Waste water from the winery is pumped through a series of plant beds that cleanse the water of toxins and harmful chemicals, to emerge usable for grapes at the other end. A water recycling method is part of one of the standards; however, a farm plan needed to be made that identifies every natural resource, not just water, used and what the company is doing to preserve them. Opolo was ahead of the curve because of their innovative technology use.

The second part of the process, enhancements that total at least 75 points, was simple for Opolo, who ended up totaling over 950 points. The entire process took a couple months to complete because of all the tests, which required a third party's presence to verify accuracy. While all this was happening, the winery staff was educated about the process through internal education meetings and discussions, satisfying the HR portion of the standards. This complex process was fairly expensive as Opolo had a large number of acres that needed to be certified. With the SIP Certification costs, enhancements and modifications, employee time, and more, it cost Opolo roughly around \$10,000 for this ordeal to be completed. The certification will last three years. Welcher will maintain the standards in the current year, with Paul Quinn, assistant vineyard manager, taking over in years two and three, after which they will have to undergo the whole certification process again.

## **Marketing**

Up until recently, marketing at Opolo was not a large department in terms of either budget or personnel because the company's primary focus was producing a good quality wine. The growth of most Opolo sales started with word of mouth. People telling others about the superior, great tasting wine at an affordable price. What started as a small market amongst a large industry in the area, has now grown to one of the largest, most recognizable brands in the Paso Robles, CA region. The large wine-club membership is primarily another one of the main reasons that the Opolo name gets spread around. To keep consumers informed, newsletters are sent out to the members with the most current news about Opolo, its products, technology and growing issues in the industry. Chance Hochschild, Wine Club Manager and head of Marketing, has recently put out an article about the Certification in this month's newsletter to wine-club members. This is the beginning stage of informing the public about what sustainability means, and how it reflects the hard work of the company. Along with SIP Certified signs around Opolo (See Exhibits 4 & 5), Hochschild is going to put up a large banner in the center wall of the tasting room, to provide the most visibility. This will give the chance for customers to ask about the certification and with the employees knowledge, they can inform them on a one on one basis.

The average wine customer doesn't primarily understand what sustainable practices are because of the common misconception with organic products. In the wine industry 'organic' is irrelevant to its practices because of the standard fermentation process. The term sustainable is in the process of becoming the more recognized word by those who associate with going green, an increasingly large group of consumers in today's society. With more time, and the continued spread of information about the SIP Certification, especially in their tasting room and website, Opolo hopes to expand beyond their typical consumer base. Because there are so many wineries

in one condensed area, word of mouth recommendation is heavily relied on as it gives consumers a chance to showcase their tastes and preferences. Opolo feels this certification gives the company the opportunity to demonstrate how unique they are, which hopefully leads to increased sales.

### **Future of Opolo**

Opolo is a rare company, one that doesn't just function for the dollar profit, but actually operates out of a passion for their craft and a respect for the environment. When Rick Quinn and Dave Nichols started Opolo it was in hopes of sharing their passion for wine with others. With high quality grapes, reasonable prices, and an environmentally friendly approach, Opolo has grown into one of the largest labels in the Paso Robles region. The future of Opolo will continue to be golden, as other wineries in follow in their path, and the company will be recognized for being ahead of the curve to develop the newest technologies and practice sustainable farming.

### **Analysis/Conclusion**

Opolo is in an enviable position within the Paso Robles wine industry. From small beginnings, they have experienced steady growth to become competitive within the region. One thing they excel at is diversifying their operations to provide many sources of income. In addition to growing grapes and making wine, Opolo also operates a bed and breakfast, hosts events at their winery, and sells walnuts. Despite their youth, they have become large enough to be able to plan for the future without having negatively affect their present bottom-line. This allows them to do things now that will pay dividends in the future in the increasingly competitive wine market. SIP certification is a perfect example of this. Representatives from both SIP and Opolo said that currently, being an SIP certified winery adds little value at the point of sale. Why, then, spend thousands of dollars and hundreds of man hours on becoming SIP-approved?







Primarily for two reasons: economics and ethics. First, with consumers becoming more and more conscious of the environment, it may come to pass that there is a significant demand for sustainably certified wines at some point in the future. Additionally, Opolo has had an increasing number of wine producers ask for SIP certified grapes, allowing the company to charge a premium for the fruit. Secondly, Opolo recognizes that increasingly, it is every company's and individual's duty to protect the environment. SIP certification is proof that Opolo is a responsible steward of the land itself and the surrounding ecosystem, and this gives the company great pride. In short, Opolo's SIP certification process can be seen as a unique insight into the growth of a still young company taking steps to ensure its future while still engaging in good business ethics.

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## Exhibits

### Exhibit One

Sustainability Program	SIP	Fish Friendly Farming	Lodi Rules	Napa Valley Green Team	California Sustainable Winegrowing Program	Low Input Viticulture and Enology
Logo						
Year of Inception	1994	1999	1992	2007	2002	1999
Parent Organization	Central Coast Vineyard Team	California Land Stewardship Institute	Lodi Woodbridge Wine grape Commission	Napa Valley Vintners association	California Association of Wine grape Growers and The Wine Institute	Member Organized
Geographical Territory	California state wide	Napa, Sonoma, Mendocino, Solano, Amador, Placer and El Dorado Counties	Central Valley California	Napa Valley and neighboring areas	California mostly in the north	Oregon and Washington
Methods of Determining Sustainability	Record and on-site audits	Farm plans which protect water sheds and water resources	Series and list of sustainable winegrowing standards	Certification Checklist	Performance metrics	Inspection for compliance the first year and every third year after
Focal Point of Sustainability	Whole farm system protection of the environment approach	Encouraging growing practices which protect endangered fish species	Whole picture protection of the environment approach	Ensure compliance with all laws and protect natural resources	Self and outside inspection	Create and maintain economically viable viticulture
Certified Members	20 wineries	108 Wineries	20 wineries and 72 growers	81 Wineries	1386 vineyards and 391 wineries	240 Vineyards and 29 Wineries
Certified Acres	60,000	100,000	6,000	57,000	389,375	21,567

This table compares different sustainability programs developed over the years.



## Exhibit Two



Opolo grapes at the main ranch in west side Paso Robles, CA.

### Exhibit Three



Rolling hills of Opolo Vineyards in Paso Robles, CA.

Exhibit Four



Paul Quinn, Assistant Vineyard Manager holding the SIP Certified sign.



Exhibit Five



SIP Certified informational display in the Opolo tasting room.

## Exhibit Six



Water recycling wetlands pump site at Opolo.



- 100 ft. length x 20 ft. wide
- 2 cells
- 4 – 5 ft. deep

## Exhibit Seven

TOPIC OF INTEREST	Sustainability in Practice (SIP) <sup>™</sup>	USDA - National Organic Program	Biodynamics <sup>®</sup>
Annual Certification	•	•	•
Requires Third-Party Audit	•	•	•
Biodiversity and Habitat	•	•	•
Farm Management	•	•	•
Soil Conservation	•	•	•
Pest Management	•	•	•
Water Quality	•	•	•
Allows Organic Approved Pesticides	•	•	•
Allows EPA Reduced Risk Pesticides	•		
Water Conservation	•		
Energy Conservation	•		
Air Quality	•		
Fruit Quality	•		
Social Responsibility	•		
Continuing Education	•		
Sound Business Practices	•		
Community Relations	•		

Differences between the SIP Certified program, USDA Organic seal, and Biodynamics.

Exhibit Eight

SIP Certification Fees				
Vineyards			Wines	
Acres	\$/Acre		Cases	\$/Case
0-49	\$20.00*		0-7,499	0.16
50-99	\$15.00		7,500-24,999	0.12
100-249	\$12.00		25,000-49,999	0.10
250-499	\$10.00		50,000-99,999	0.08
500-999	\$9.00		100,000-249,999	0.07
1,000-2,499	\$8.00			
2,500-4,999	\$6.00			
5,000+	\$5.00			
*500 minimum				

SIP Certification Fee's found on the program's website.

## Exhibit Nine



*Opolo Vineyard's*  
**2013 HARVEST FESTIVAL,  
GRAPE STOMP & BBQ**

**Fri., Oct. 18th & Sat., Oct. 19, 2013**

Make your reservations NOW!  
Grape Stomp... BBQ...  
Live Music and Dancing...

*Opolo*  
VINEYARDS  
7110 Vineyard Drive  
Paso Robles, CA 93446  
805 238-9593 • [www.opolo.com](http://www.opolo.com)  
[events@opolo.com](mailto:events@opolo.com)

Transportation to and from hotel is  
available. For more information  
please give us a call.

This is an advertisement for Opolo's famous Harvest Festival, Grape Stomp and BBQ.

## Exhibit Ten



Left: Second page of the Wine Country magazine advertisement for pairing Opolo wine with food from the holiday season. Right: Cover of Wine Country magazine with Opolo on the cover.

## Exhibit Eleven

In general, the Certification program schedule is as follows:	
Timeframe	Action
Dec. 1 - Nov. 30	Certification Cycle
Dec. 1	*Application
Jan. - March	**Applicant representative must attend one mandatory SIP Informational Training. Trainings available January - March**
No Later than June 1	Program staff available for a pre-inspection assistance meeting
May	Applicant schedules inspection with approved inspector (Chapter Five)
	Audit must occur between June 1 and July 15
No later than seven days prior to onsite audit (if applicable)	Applicant submits completed Standards and documentation to inspector
Between June 1 - July 15	Inspector conducts documentation inspection and/or onsite inspection
July 25	Inspector submits inspection reports to staff to be redacted and submitted to Certification Advisory Committee (CAC)
Aug.	CAC determines eligibility for certification based on blind inspection reports
Aug.	Program staff notifies applicant of the CAC determination of eligibility
Sept. - Oct.	Certification is granted following full execution of the Certification Agreement and payment of fees
Dec. 15	Applicant submits July 1 through Nov. 30 pesticide use reports and Year End Nitrogen and Water Use Reports to inspector
*Applications submitted after December 1 will be handled on a case by case basis	
** New applicants only	

Time frame to receive SIP Certification approval.





The Opolo Senior Project Team. Left to right: Ashley Edwards, Megan Jonson, Brett Champlin, and Sebastian Silveira.

\*The Opolo Senior Project Team would like to give a special thanks to the following for their time and effort put into making our project a huge success:

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Paul Quinn, Opolo

Beth Vukmanic-Lopez, SIP Certified Program

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